

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105

RH-06-091268

INITIAL STATEMENT OF REASONS

In a public hearing on April 27, 2006 at 9:30 A.M., the Insurance Commissioner will consider: (1) the approval of pure premium rates developed by the designated rating organization; and (2) an amendment to the California Workers' Compensation Experience Rating Plan—1995, Title 10 CCR §2353.1. The hearing will be held in response to a filing by the Workers' Compensation Insurance Rating Bureau of California ("WCIRB") submitted on March 24, 2006.

Pursuant to Insurance Code Sections 11734 and 11751.5, the Insurance Commissioner has designated the WCIRB as his rating organization and statistical agent. As the designated rating organization and statistical agent, the WCIRB has developed and submitted for Insurance Commissioner approval pure premium rates and a revision to the California Workers' Compensation Experience Rating Plan—1995. The pure premium rates will be advisory only; however, adherence to the regulations contained in the California Workers' Compensation Experience Rating Plan—1995 is mandatory.

The pure premium rates recommended by the WCIRB to be effective July 1, 2006, as well as the proposed revision to the regulation to be effective July 1, 2006, are set forth in its filing and are summarized below:

APPROVE PURE PREMIUM RATES

Pursuant to California Insurance Code Section 11750.3, the WCIRB has proposed advisory pure premium rates for approval by the Insurance Commissioner to be effective July 1, 2006 with respect to new and renewal policies as of the first anniversary rating date of a risk on or after July 1, 2006. The proposed advisory pure premium rates are 16.4% less than the January 1, 2006 advisory pure premium rates approved by the Insurance Commissioner.

**AMEND THE CALIFORNIA WORKERS' COMPENSATION
EXPERIENCE RATING PLAN—1995**

The WCIRB recommends that the following amendments to the California Workers' Compensation Experience Rating Plan—1995 be approved effective July 1, 2006 with respect to new and renewal policies as of the first anniversary rating date of a risk on or after July 1, 2006.

1. Section 1, "General Provisions," Rule 2, "Effective Date," be amended to show that the effective date of the amended Experience Rating Plan is 12:01 A.M., July 1, 2006.
2. Section III, "Eligibility and Experience Period," Rule 1, "Eligibility Requirements for California Workers' Compensation Insurance," be amended to adjust the eligibility requirement from \$20,300 to \$16,971 to reflect the changes in pure premium rates proposed in this filing.